

Message Text

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PAGE 01 BEIRUT 04187 261216Z

ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 /019 W

-----069167 261350Z /45

R 261000Z AUG 77

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 4996

INFO USDOC WASHDC

AMEMBASSY DAMASCUS

UNCLAS BEIRUT 4187

FOR NEA/ARN; USDOC FOR CAGNE: DAMASCUS FOR AGATT.

E.O. 11652: N/A

TAGS: ETRD, BDIS, BAGB, LE

SUBJECT: TRADE COMPLAINT: U.S. CLAIMS AGAINST TOBACCO REGIE.

REF: BEIRUT 4061, STATE 185021

1. EMBASSY E/C OFFICER PAID CALL AUGUST 24 ON LEBANESE TOBACCO MONOPOLY (REGIE DES TABACS) PRESIDENT JACQUES DAGHER. DAGHER REITREATED ASSURANCES IN HIS JUNE LETTER REGARDING DEBTS TO U.S. LEAF GROWERS, AGAIN AVOIDING COMMITMENT TO A PAYMENT DATE. EMBOFF SUGGESTED THAT SINCE BUSINESS RELATIONS BETWEEN REGIE AND U.S. FIRMS WERE STILL AMICABLE, QUESTION DID NOT INVOLVE FEAR OF OUTRIGHT DEFAULT BUT RATHER UNCERTAINTY AS TO TIMING WHICH REGIE MIGHT ASSUAGE BY PAYING AT LEAST A SMALL INSTALLMENT SYMBOLIC OF ITS GOOD INTENTIONS. DAGHER SAID HE WOULD CONSIDER THE SUGGESTION.

2. DAGHER DESCRIBED REGIE'S CURRENT PROSPECTS AS EXCELLENT. SALES WERE APPROACHING PRE-WAR LEVELS, THOUGH MAJOR COMPONENT IS SALES OF U.S. CIGARETTES IN LOCAL MARKET. PRODUCTION OF REGIE'S OWN BRAND NAMES HAD RECOMMENCED, BUT OUTPUT AND SALES STILL LOW. BOTH PURCHASES AND SALES OF BULK TOBACCO WERE BRISK AND DAGHER EXPRESSED BELIEF THAT REGIE'S LONG STANDING TIES TO U.S. BUYERS WERE SOUND.

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3. PRINCIPAL FACTOR AFFECTING DEBT REPAYMENT PROSPECTS WAS COMPETITION FROM CIGARETTES SMUGGLED INTO LEBANON. GOL WAS TAKING STEPS TO SUPPRESS TRAFFIC BUT HAD NOT ERADICATED IT. EXCEPT FOR SMUGGLING, DAGHER PROCLAIMED, REGIE COULD " BEGIN PAYING ITS DEBTS NEXT MONTH". ASKED WHAT COULD BE DONE ABOUT THE PROBLEM, DAGHER REPLIED EUROPEAN MAKER OF U.S. BRANDS MUST STOP SELLING TO CYPRIO

SMUGGLERS--" THE SWISS-MADE MARLBOROS ARE KILLING OUR SALES."

4. COMMENT: DAGHER CREATES IMPRESSION THAT REGIE IS RAPIDLY RECOVERING FROM EFFECTS OF WAR AND CONTINUES TO BE BOUND TO U.S. BUYERS, SELLERS AND CONSULTANTS BY ONGOING AMICABLE BUSINESS TIES DATING BACK MANY YEARS. HE DISCLAIMS TOTALLY ANY INTENTION TO DEFAULT ON LEAF GROWERS. UNLESS INSTRUCTED TO GO BACK TO HIM WITH AN INSISTENT REQUEST, EMBASSY FAVORS LETTING THIS MATTER REST UNTIL REGIE'S CASH POSITION STRENGTHENS SUFFICIENTLY TO PERMIT NORMAL DEBT SERVICE. DAGHER IS NOT LYING ABOUT SMUGGLED CIGARETTES; THEY ARE EVERYWHERE. NOR IS HE EXAGGERATING DIFFICULTY OF SUPPRESSING TRAFFIC--ATTEMPT BY CUSTOMS POLICE TO ARREST ILLEGAL VENDOR NOT FAR FROM EMBASSY LAST WEEK WAS MET BY RIFLE FIRE FROM VENDOR'S PROTECTOR ON NEARBY ROOFTOP.

PARKER

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TOBACCO, TRADE COMPLAINTS
Control Number: n/a
Copy: SINGLE
Sent Date: 26-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BEIRUT04187
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770309-0520
Format: TEL
From: BEIRUT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770821/aaaaaqth.tel
Line Count: 77
Litigation Code IDs:
Litigation Codes:
Litigation History: Hold (001 Tobacco) added on 4/16/2009 3:39:00 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:02 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6a80e852-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 BEIRUT 4061, 77 STATE 185021
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1478426
Secure: OPEN
Status: NATIVE
Subject: TRADE COMPLAINT: U.S. CLAIMS AGAINST TOBACCO REGIE.
TAGS: ETRD, BDIS, BAGB, LE
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/6a80e852-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009